



Department of Veterans Affairs
Health Administration Center

Stakeholders' Report FY 2005



HAC Vision, Mission, Values, and Goals

Why We're Here

"...To care for him who shall have borne the battle and for his widow and his orphan" – Abraham Lincoln

The Center's Vision

To be the VA expert in health plan management

The Center's Mission

To efficiently administer health plans

How We Do It

With Values of Integrity, Accountability, Trust, Challenge, Customer Service and Humor

Center's Strategic Goals

Customer Focus, Staff Development, Quality Products, Save Money, Leverage Technology, and Compliance with Laws and Regulations

About the Cover

Pictured on the cover are employees representing various HAC divisions. Each picture signifies a crucial piece that fits together to make the whole VA Health Administration Center organization. Representative of our distinct employee base are the remaining pieces of the puzzle, diverse in shape, color and concept, functioning at a high level of competence, working together to best assist our beneficiary population.

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Message from the Director



HAC Director Ralph Charlip greets Senator Ken Salazar at the Jackson Place Building

Fiscal year 2005 was quite a year. We set many new records and received an award for organizational performance. We were recognized as experts in enrollment, claims processing, customer service assistance, policy and compliance, imaging, software development, and project management.

We closely managed and monitored our workload. These are a few highlights for FY 2005:

- We reduced the adjusted cost per claim for all programs from \$5.80 in FY 2004 to \$5.00 in FY 2005.
- We created 6.3 million claims, a 15% increase from FY 2004.
- Our total cost avoidance for FY 2005 was \$23.7 million as a result of the Center's Artificial Intelligence (AI), automated code-editing software, and fraud, waste, and abuse prevention.
- We returned \$30.6 million to VA through the CHAMPVA Inhouse Treatment Initiative (CITI) program.
- We recovered \$10.8 million in payments for VA through the National Recovery Audit.

In FY 2005, we hosted visits from Senator Ken Salazar; VA Under Secretary for Health, Jonathan B. Perlin, MD; VA Deputy Under Secretary for Health, Laura Miller; and VHA Chief Business Officer, C. Mark Loper.

During FY 2005, the Center submitted an application to VA's Robert W. Carey Organizational Excellence Award Program as well as the Colorado Performance Excellence Program (CPEX). Both programs evaluated our applications and provided valuable feedback to improve our operations. After an evaluation and site visit, CPEX published a press release in September 2005 announcing the Health Administration Center would be presented with the "Timberline Award" in recognition of the systematic deployment of our approaches and processes. This was the highest award CPEX presented in 2005.



Pictured above is the CPEX Timberline Award presented to the HAC for organizational excellence

None of this would have been possible without the superb talents and dedication of 600 civil servants and contractors who are deeply committed to supporting all our beneficiaries. I'm proud of each of them. We enter FY 2006 with confidence in our processes, our services, and our employees. We will continue to provide value to VA, service to our customers and will honor the sacrifices made by this nation's veterans.

Ralph Charlip, FACHE, FAAMA
Director



Voucher Examiners provided excellent service to our beneficiary population

HAC Overview

Table 1—Center Demographics

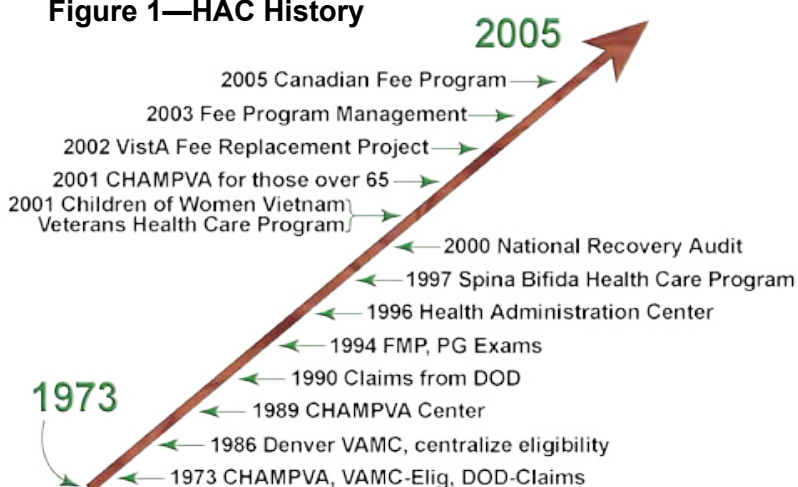
HAC Total Employees		Community
White	57%	73%
Black	22%	4%
Hispanic	12%	18%
American Indian	1%	1%
Two or More Races	4%	2%

Gender/Veteran Status	
Female	55%
Male	45%
Veterans	46%

Age	
Less than 40	30%
Age 40 through 55	51%
Over 55	19%

Grade	
GS-4 through GS-8	65%
GS-9 through GS-11	28%
GS-12 and above	7%

Figure 1—HAC History



"I'm 84 years old, and they don't bother me at all. They've treated me really good."

**CHAMPVA Beneficiary
American Customer Satisfaction Index Study**



Female employees represent 55% of the Health Administration Center staff

The Health Administration Center (HAC) is located in Denver, Colorado and employs a mix of civil servants and contractors. This allowed us to be flexible and efficient in managing our various product lines and services.

As of September 30, 2005, there were 484 federal employees and 98 contract employees working at the Center. Our employees are an ethnically diverse group, which generally reflects the local demographics of the Denver workforce. Veterans represent 46% of employees, and many more staff members are the spouses or children of veterans (Table 1). This supplied the Center with a special understanding and strong affinity for the needs of our customers. Our organizational chart may be found at Appendix 1.

The Center is aligned under Veterans Health Administration's (VHA) Chief Business Office (CBO). CBO's mission is to represent a single accountable authority for developing and implementing policy, processes, information, and business solutions to support high-quality service delivery to veterans and their families, enhance employee development and retention, and demonstrate effective leadership.

The Center provides federal health benefit plan management for veterans and eligible family members of certain veterans. The Center was initially established in 1986 to provide beneficiary eligibility determinations for the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA). Since then, the Center has taken full ownership of all aspects of CHAMPVA, to include benefits management, eligibility determination, customer service, outreach and education, claims processing, appeals and grievances, and fraud, waste, and abuse prevention.

Over the years, the Center's responsibilities have expanded to include administration of other VA health care programs including the Foreign Medical Program (FMP), the



In 1994, the HAC expanded our responsibilities to include the Foreign Medical Program (FMP)

"The Center has demonstrated best in class performance for average cost per enrollment for the CHAMPVA program and surpassed annual goals in cost per claim. Over the past five years the applicant has demonstrated continuous improvement in these key performance ratios. These trends of reducing costs indicate the applicant is attaining its goals of continuous improvement in reducing processing costs to remain below industry averages, and enhance their sustainability as a viable organization to provide these services to the VA at the lowest cost."

*Colorado Performance Excellence
Program Feedback Report*

Figure 2—Operating and Benefit Payments

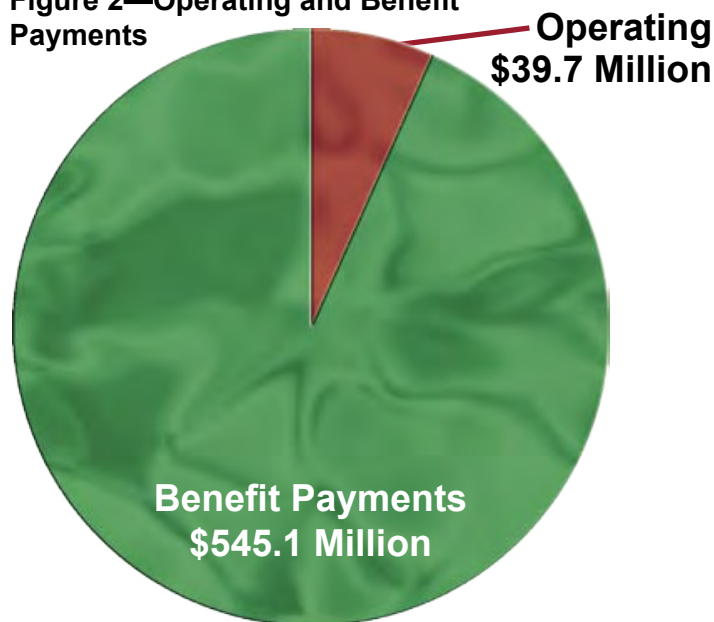


Figure 3—Administrative Costs to Benefit Payments Ratio



Spina Bifida Health Care Program, the Children of Women Vietnam Veterans Health Care Program (CWVV), and the Persian Gulf Examination Program for Dependents (Figure 1).



The Customer Service Center received, in FY 2005, a daily average of 3,476 beneficiary and provider calls for VA health care programs the HAC administers world wide

The Center is the National Program Office overseeing management of the National Fee Program, a \$1.6 billion non-VA care program. In April of 2005, the HAC assumed management of the Canadian Fee Program.

Budget and Workload

The Center strives to provide the highest quality of service and program benefits to the veterans and family members that are enrolled in our programs. The HAC budget is divided between benefits and operating costs. Though our operating budget was not sufficient to keep up the pace of our workload, we did well to maintain the quality of our services and the work environment.

Budget

- In FY 2005, our benefit payment budget was \$545.1 million (Figure 2). This was an increase of 24.9% from FY 2004.
- Total operating expenses for FY 2005 were \$39.7 million (Figure 2). This was a 13% increase over FY 2004, due largely to a 15% increase in claims processing.
- Our administrative cost to benefits ratio continued its downward trend from 10% in FY 2002 to 7.3% in FY 2005 (Figure 3).



The Center processed over 6.3 million claims in FY 2005, a 15% increase over FY 2004

Figure 4—Total Claims Created

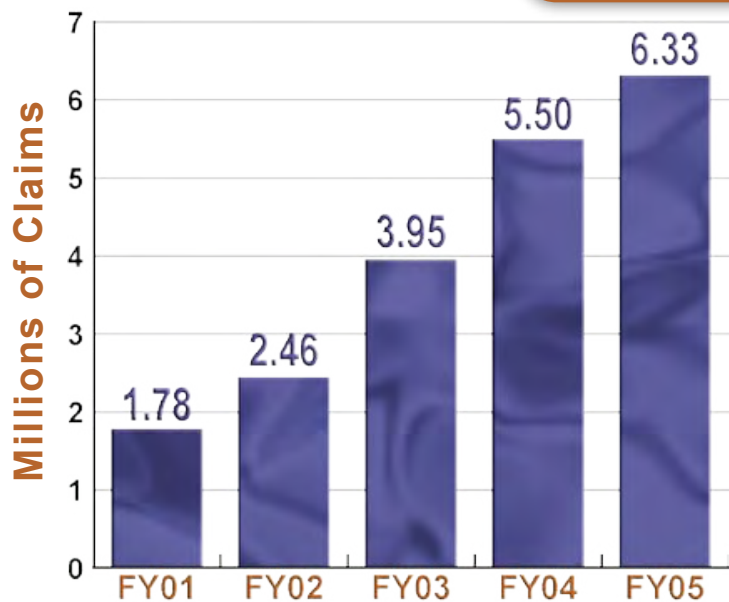


Figure 5—CHAMPVA Adjusted Cost per Claim

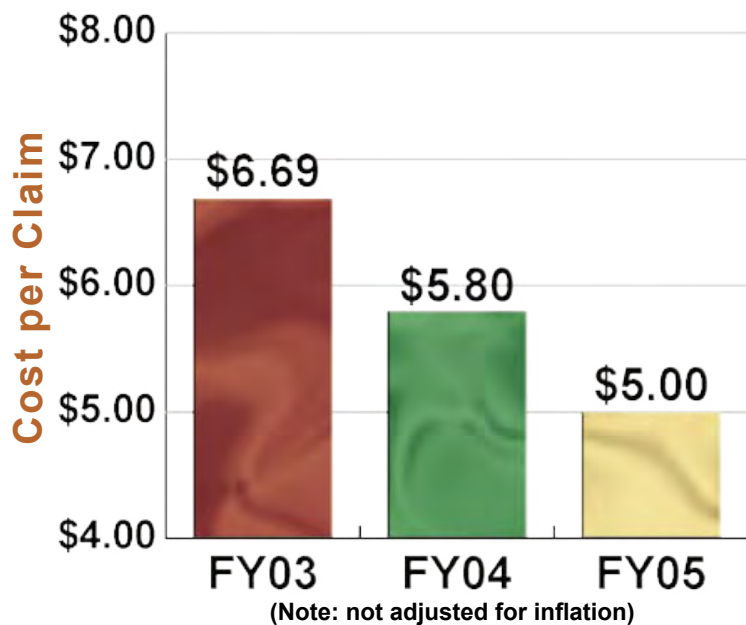
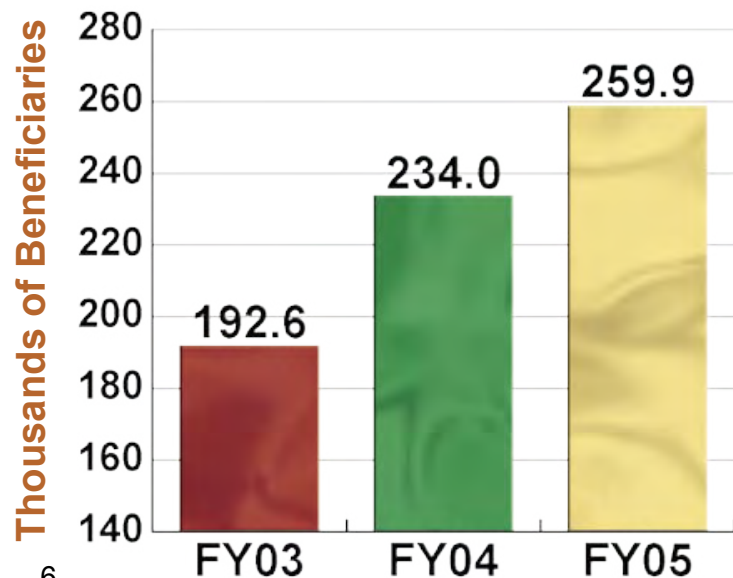


Figure 6—CHAMPVA Beneficiaries



The HAC's Fiscal staff works with the U.S. Department of Treasury to pay claims



Workload

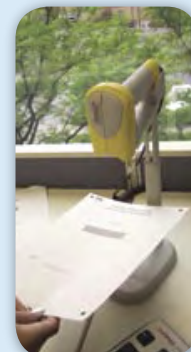
When medical bills and pharmacy receipts are received, they are processed according to the guidelines established in the policy manual for that particular health plan. Claims are either paid or denied, and a notice of our decision is sent to the medical care provider as well as to the program beneficiary as an Explanation of Benefits. Once processed for payment, the claims payment data is transferred to the U.S. Department of Treasury, which issues electronic fund transfers or Treasury checks to our service providers or beneficiaries, as appropriate. Claims information is stored in the form of electronic data or optical images for reporting, inquiries, or appeals.



A Voucher Examiner in the HAC's Claims Processing Division (CPD) enters claim data

The Center processed over 6.3 million claims in FY 2005.

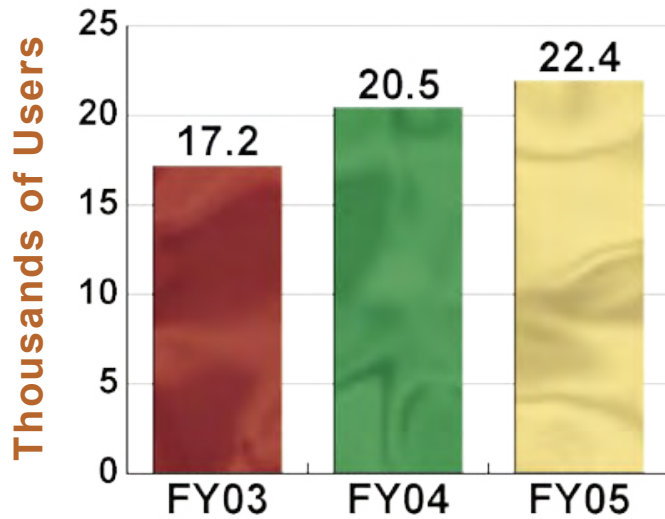
- Over the last four years, the Center experienced a 255% increase in claims processed due to the legislative expansion of CHAMPVA eligibility (Figure 4).
- The Center improved the processing of CHAMPVA claims from 97.1% of claims processed in 30 days in September 2004 to 98.3% in September 2005.
- In the last two years, we have reduced the cost per claim by more than 25% (Figure 5).



HAC employees scan claims and prepare them for processing in the Support Services Division (SSD)

Programs Administered by the HAC

Figure 7—CITI Unique Users



The HAC's CPD Support Unit is responsible for clearing queues

CHAMPVA

Under CHAMPVA, VA shares the cost of covered health care services and supplies with eligible beneficiaries.

CHAMPVA covers individuals who are not otherwise entitled to benefits under DoD's TRICARE program and are:

- Dependents of veterans who have been rated by VA as having a permanent and total disability, or
- Survivors of veterans who died from VA-rated service-connected conditions or who, at the time of death, were permanently and totally disabled from a VA-rated service-connected condition, or
- Survivors of veterans who died in the line of duty and are not otherwise eligible for TRICARE.

We began FY 2005 with 234,000 beneficiaries enrolled in the CHAMPVA program, and concluded the year with approximately 259,900, an 11.1% increase (Figure 6).

The CHAMPVA Inhouse Treatment Initiative (CITI) program is a voluntary program that allows for the treatment of CHAMPVA beneficiaries at VA medical centers. We ended the year with nearly 22,378 users in the program, a 9.3% increase over FY 2004 (Figure 7). We returned \$30.6 million to VA through the CITI program, a 26.4% increase over FY 2004 (Figure 8).

Meds by Mail is a service for eligible beneficiaries that provides non-urgent maintenance medications delivered to their homes.

- Beneficiaries without drug coverage under any other health insurance plan may use Meds by Mail.
- As part of our contingency planning and customer service initiatives, we successfully implemented our second servicing center in Dublin, Georgia on October 1, 2004. Our other partners in this program are the Leavenworth Consolidated Mail Outpatient Pharmacy (CMOP) and the VA Medical Center in Cheyenne, Wyoming.
- In FY 2005, the number of Meds by Mail users increased by 4% over FY 2004 and the number of prescriptions dispensed rose over 26% over the previous year (Figure 9).

Figure 8—CITI Payments

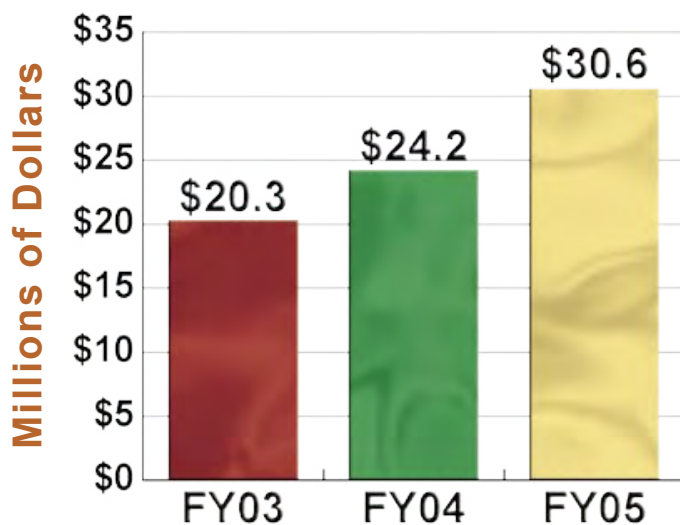


Figure 9—Meds by Mail Rx Dispensed

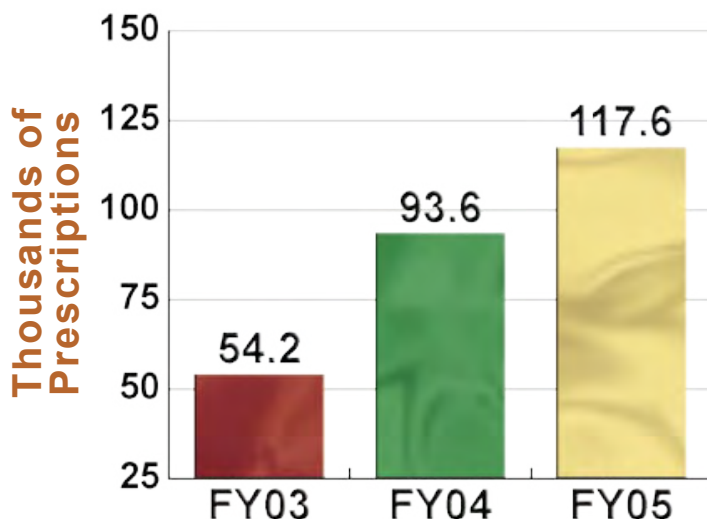


Figure 10—Spina Bifida Unique Users

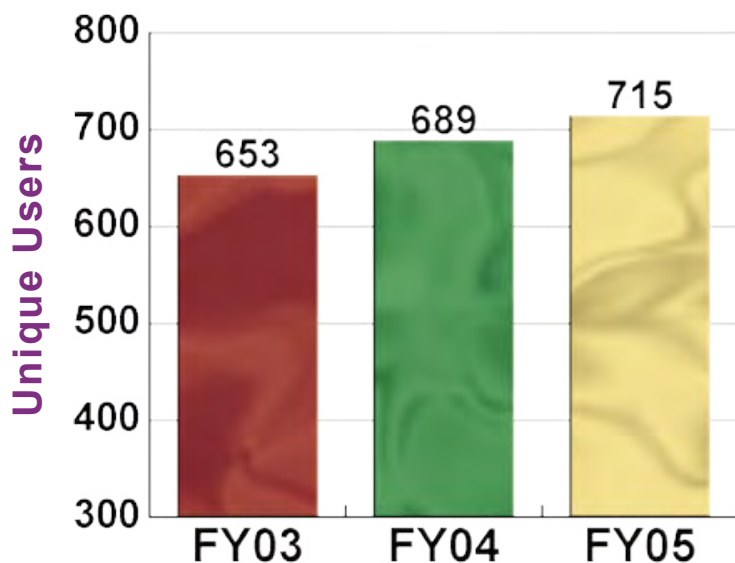


Figure 11—Spina Bifida Payment per Unique User

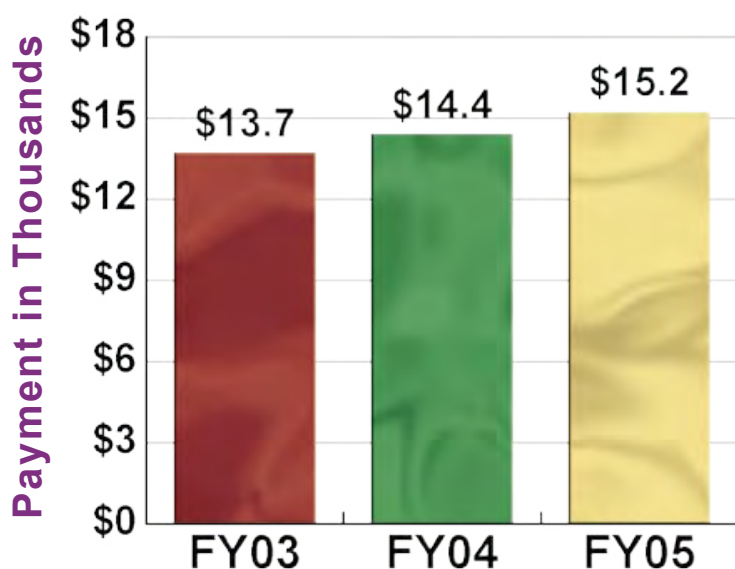
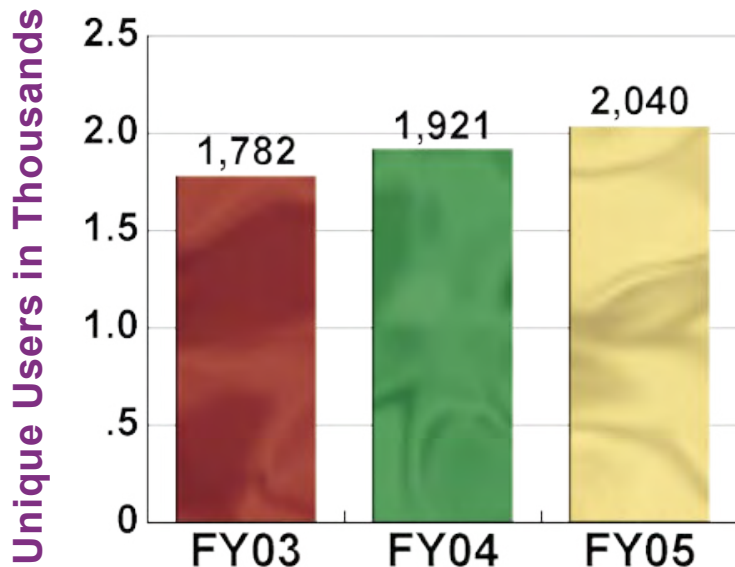


Figure 12—FMP Unique Users



"From the very start when I got in contact with them, everyone has been so helpful and extremely quick in every aspect, on how my claim was being filed. I think it's an excellent service. They're very courteous when I call and they don't put me on hold for a long period of time. When I call for problems, they try to help instead of putting me on hold. One or two times they've had to call me back, and they've done it right away. They're interested in taking care of my needs as soon as possible. I've only been dealing with them for a few months, but everyone I've talked to or dealt with has been excellent, nice, and courteous."

CHAMPVA Beneficiary
American Customer Satisfaction Index Study

Spina Bifida Health Care Program

The Spina Bifida Health Care Program is designed for children who are diagnosed with Spina Bifida and born to certain Korean and Vietnam War veterans. Under this program, VA assumes financial responsibility for medical services and supplies related to the treatment of Spina Bifida, including complications and associated conditions.

- In FY 2005, we eliminated the need for preauthorization for all travel of more than 50 miles except for the first visit to a new doctor.
- We also implemented a Meds by Mail program that provides for home delivery of maintenance medications for Spina Bifida beneficiaries.

At the end of FY 2005, we had 715 unique users in the Spina Bifida program, with a total enrolled population of 1,160 beneficiaries (Figure 10). Benefit payment per unique user increased 5.7% over FY 2004 (Figure 11). By the end of FY 2005, we provided \$11 million in medical care payments, an 11.6% increase over FY 2004.

Children of Women Vietnam Veterans Health Care Program

The Children of Women Vietnam Veterans Health Care Program is designed for women Vietnam War veterans' birth children diagnosed with a covered birth defect as determined by a VA Regional Office. Under this program, VA assumes financial responsibility for medical services and supplies related to the treatment of the covered birth defect including complications and associated conditions.

"I haven't had any problems with them. Anything that I've tried to find out, or ask questions about, have always been answered or helped. Compared to others, I've been very well informed and I haven't had any problems."

CHAMPVA Beneficiary

Figure 13—Fee Unique Veterans

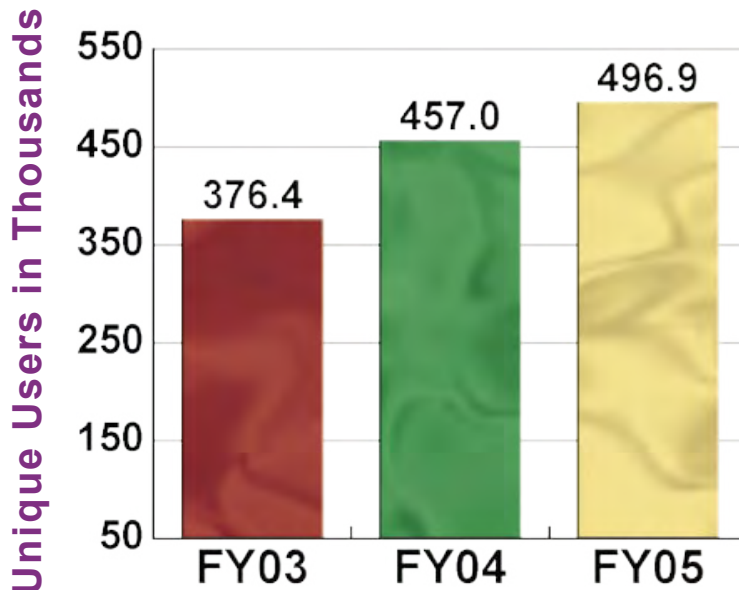
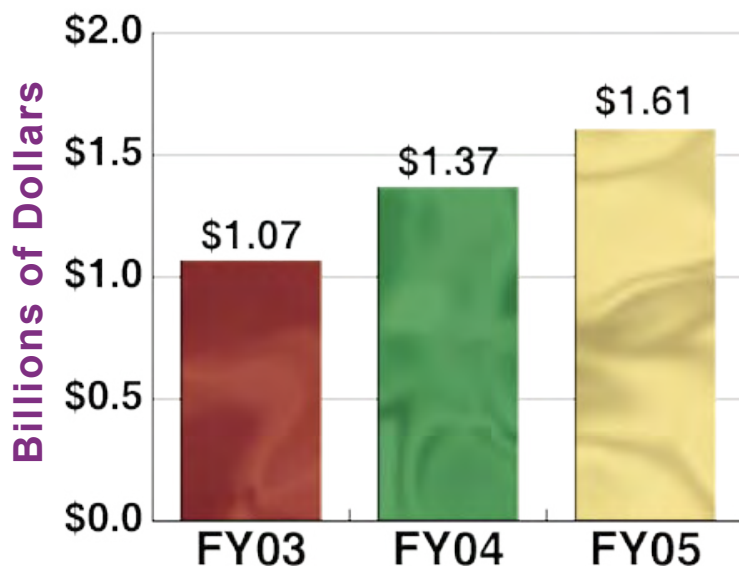


Figure 14—Fee Payments



"I am very pleased to have CHAMPVA and everything has gone well. As a government benefit, I expected it to be a mess, but it wasn't."

CHAMPVA Beneficiary
American Customer Satisfaction Index Study

Currently, there are 15 beneficiaries enrolled in the program. For FY 2005, we projected a health care payment budget of \$200,000 for a beneficiary population of 20 individuals. Although every beneficiary has been personally contacted, to date no enrolled beneficiary has filed a claim. Each indicated they have other health insurance.



The Customer Service Center (CSC) offers one-on-one contact for all HAC program customers

Foreign Medical Program

The Foreign Medical Program is a health care benefit program for U.S. veterans with VA-rated, service-connected conditions who are residing or traveling abroad. The Center manages payment for all overseas health care services with the exception of services provided in the Philippines. In FY 2005, we began managing veterans' health care services provided in Canada. Medical coverage is also extended to all veterans that are enrolled in a VA-approved vocational rehabilitation program. We ended FY 2005 with 2,040 unique users providing \$5.45 million in benefit payments (Figure 12).

National Fee Program

The Center provides the national Fee program guidance based on statutory, policy and regulatory requirements. The Fee program, commonly referred to as non-VA health care or purchased care, consists of any health care services that are not available to eligible veterans at a VA health care facility due to lack of resources at the facility, an unreasonable distance for the veteran to travel based on his/her medical condition, or the need for emergency health care services for a life-threatening condition at VA expense.

- In FY 2005, we collaborated with field staff to clarify and develop necessary policy changes. We also focused on improving information associated with the Fee program to provide more accurate and reliable data on Fee care.
- In FY 2005, the Fee program served 496,885 veterans, an increase of 8.7% over FY 2004 (Figure 13). The Fee program paid claims totaling just over \$1.6 billion, a 17.5% increase above FY 2004 (Figure 14).

Additional HAC Services

HAC service and support to VISNs and VA medical centers include:

- Serving as VHA Mail Management Office. The office maintains data pertaining to mail volume and cost for all VHA activities. VHA spent \$145 million dollars in FY 2005 for postage. The U.S. General Services Administration recognizes the VHA Mail Manager as a subject matter expert in the commercial metering arena.
- Administration of VA National Diagnostic Related Group (DRG) Recovery Audit Contract to recover past payments for erroneous or incorrectly billed hospital care.

All collections were from medical service providers and their billing agents, not from veterans. A second-generation contract was awarded to TSystems Group on November 15, 2004. In FY 2005 we identified overpayments of \$17.5 million and recovered \$10.8 million. To date, the Recovery Audit has identified \$55.8 million in overpayments and returned \$43.3 million to VA medical centers to support veteran's care.

- Administration of the Preferred Pricing Program (PPP). The program is a nation wide arrangement with a contractor (Health Net Federal Services) that allows the VHA to share in savings available through managed care networks. When a veteran is provided care outside the VHA system, the health care provider submits a claim to VHA for payment of services. If that provider is in the contractor's network, and the network fee is less than the VHA's allowable payment, the claim is "re-priced" and the difference is a direct savings to the VHA. Every VISN is participating in the PPP and a net savings of \$13.3 million dollars was realized in FY 2005. Since the program's inception in FY 1999, the net savings to the VHA has been \$39.8 million dollars.

- Field Support for VHA activities. The Center provides human resources, contracting, information technology, information security, procurement, and fiscal support for the Chief Business Office field organizations, Decision Support System staff, Chief Information Office, the Health Eligibility Center, and the Allocation Resource Center.

In FY 2005, we supported 276 field staff. We expect to support about 50 additional staff in FY 2006. The Center also provides technical assistance and system administration support to approximately 500 VA Fee staff stationed at VA medical centers.

"I know things really get abused and people think the government owes them everything on a silver spoon. I'm really not for welfare and stuff, but I really appreciate the health coverage for disabled veterans. I think if the veterans have gone out and risked their lives for our country, they really deserve health care, and it's really hard because my husband has a 30% disability since Vietnam and it really limits the income he can earn, so I really appreciate the extra help."

CHAMPVA Beneficiary

American Customer Satisfaction Index Study

CHAMPVA Customer Satisfaction

Figure 15—American Customer Satisfaction Index

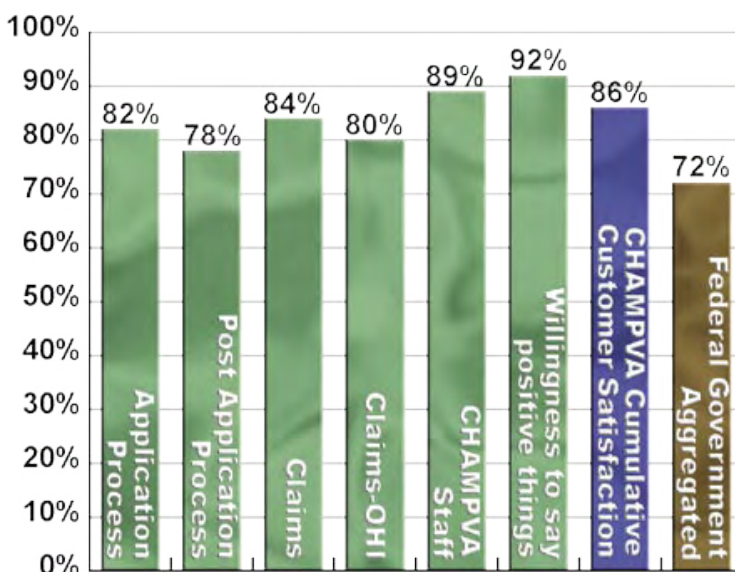
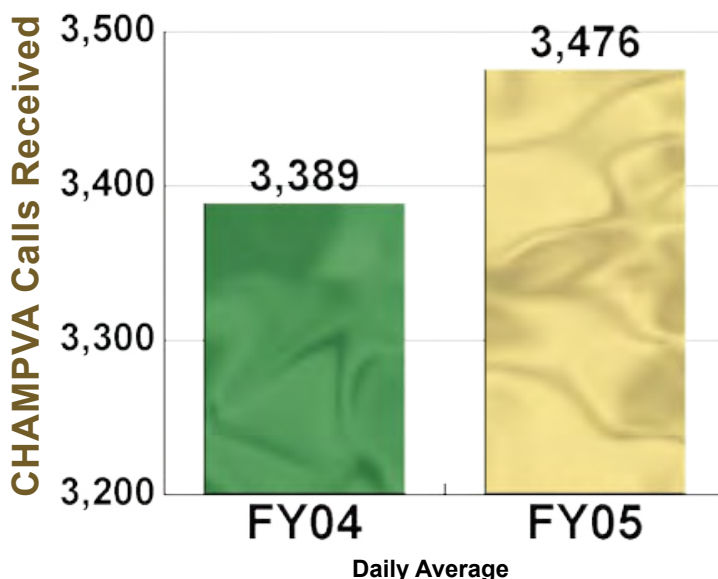


Figure 16—CHAMPVA Number of Phone Inquiries Received Daily



Significant FY 2005 Accomplishments

"The Center actively solicits input from customers, suppliers and stakeholders on proposed product and service changes through a variety of means. These customer communication mechanisms are managed by a Public Affairs Officer and engage multiple stakeholder groups. Feedback and learning from these inputs support the organization's focus on customer service and pursuit of continuous improvement, and are integrated into the strategic planning process."

**Colorado Performance Excellence
Program Feedback Report**

Goal: Customer Focus

HAC employees are noteworthy in their commitment to our mission and their focus on the customer.

HAC's Customer Satisfaction Index

In FY 2005, the Center contracted with the University of Michigan to provide CHAMPVA a customer satisfaction rating under the American Customer Satisfaction Index (ACSI) program. Our ACSI score was excellent. CHAMPVA scored 86 points, which was 14 points higher than the aggregate 2004 Federal Government score (Figure 15). Of the nine ACSI scores that rate benefit recipients' satisfaction for the Federal Government, only three other agencies scored higher than the HAC. The Center scored 2 points better than VHA's inpatient satisfaction score.

Customer Call Satisfaction

In FY 2005, the HAC's Customer Service Center (CSC) received a daily average of 3,476 beneficiary and provider phone calls (Figure 16). For the year, we set a standard for customer call satisfaction at 95%. We met our goal with an end of year monthly average rating of 96.5% (Figure 17). We set a goal of answering 45% of our calls with a live operator in 30 seconds. Cumulatively for the year, we averaged 41.9% calls answered in 30 seconds (Figure 18). Due to the contraction of our operating budget and the limited resources to hire additional staff, call center performance was impacted by the rising workload in almost every area of the HAC.



A Customer Service Representative assists a CHAMPVA Beneficiary in the Call Center

Figure 17—CHAMPVA Customer Call Satisfaction

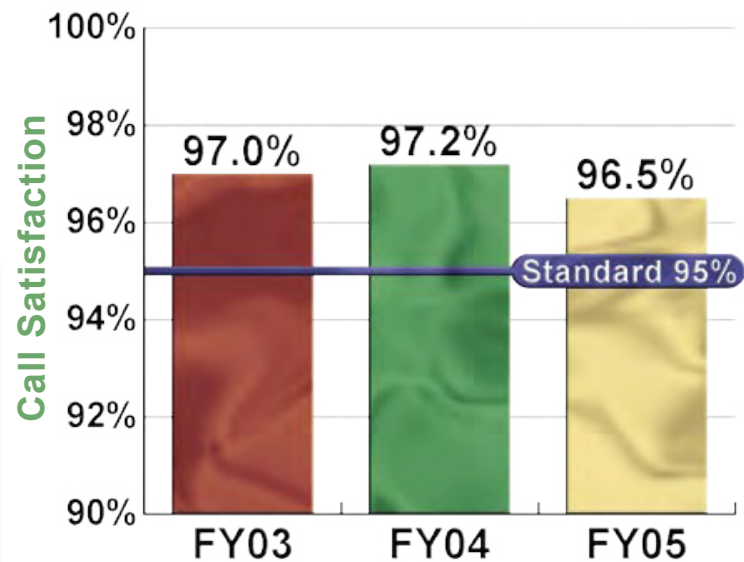
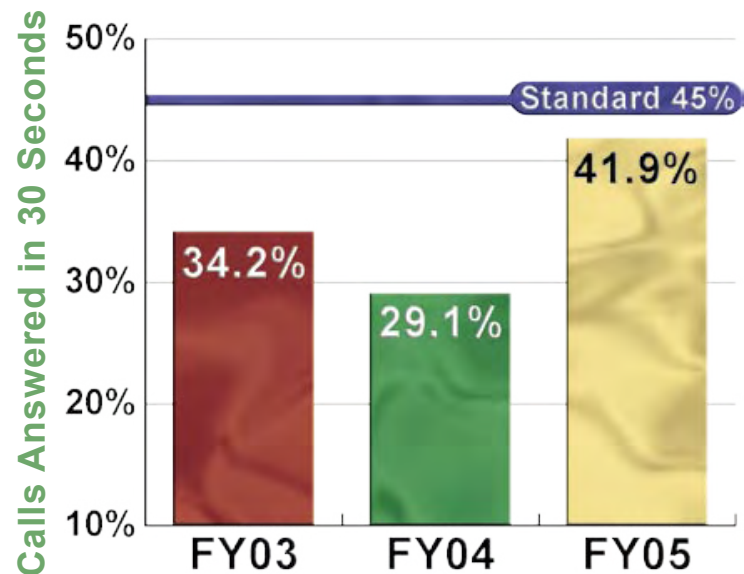


Figure 18—CHAMPVA Percentage Of Calls Answered in 30 Seconds



"Denver, CO – Colorado Performance Excellence (CPEx), a statewide non-profit dedicated to creating a culture of excellence in Colorado announce its award recipients for 2005. Adam Cohen, board president, said, "This contingent of recipients represents the breadth and depth of high performing organizations in Colorado..."

**Colorado Performance Excellence
Program Press Release, September 2005**

"I love the CHAMPVA program, because of the convenience and the security in knowing that I'm going to be taken care of. I have to add that I have the freedom to choose my own doctors as well."

**CHAMPVA Beneficiary
American Customer Satisfaction
Index Study**



In mid-2005, we began a quarterly employee recognition award, the *Lelia Hooks Diamond Award*. Lelia was the first staff member to pass away while employed at the HAC and was widely admired. This award recognizes employees who make special contributions in support of the Center's mission while displaying exceptional qualities in the spirit and memory of Mrs. Hooks. Last year, three employees received this prestigious award.



Pictured are the three winners of the Lelia Hooks Diamond Award



Pictured right is the Lelia Hooks Diamond Award "Permanent Trophy." This trophy is awarded to the Lelia Hooks Diamond Award winner, and is theirs to keep.



Customer Outreach

In FY 2005, the CSC implemented an out-bound welcome call to new program enrollees. This personal contact welcomed the new enrollee, explained the process for filing past claims, and answered new user questions. Beneficiary feedback to the new out-bound welcoming service has been extremely positive. The agency continues to improve the delivery of program information by publishing handbooks in larger print, utilizing translation services, and even producing an audio version of the CHAMPVA Handbook.

In addition to written and phone surveys, we continue to find value in building relationships with our beneficiaries through personal contact. In spite of limited funding, our outreach efforts have continued. The Center's leadership utilizes every opportunity to be available for face-to-face question and answer sessions. If travel locations and schedules allowed, "Bene Briefs" were scheduled and all beneficiaries and providers within a reasonable travel distance were invited to attend.

For the first time, we designed a veteran brochure tri-fold and a provider brochure tri-fold for the Fee program and shipped half a million to all VA medical centers and VISNs nationwide.

Customer Advisory Councils

In FY 2005, the Customer Advisory Councils (CAC) for the CHAMPVA and Spina Bifida programs were reinvigorated, and we created a CAC for FMP. Beneficiary input to each CAC has been valuable in understanding the needs of our customers, creating more customer-focused products.

Goal: Staff Development

The HAC is committed to supporting employees in developing and utilizing their full potential, and creating a work environment that promotes employee satisfaction.

Staff Learning and Development

Throughout FY 2005, we continued to advance VA's High Performance Development Model (HPDM) and our management training and mentorship programs for the development of a highly skilled, customer-centered workforce.

- In the HAC's team-based culture, employees participated in cross-functional committees and quality improvement teams. These associations



Customer Service Representatives graduated from a rigorous five week training cycle to prepare them for their full time service in the HAC call center



Mentorship programs allow the HAC to maintain high quality leadership

The "Employer of the Summer" trophy was awarded to the HAC for their support of the Mayor's Office of Workforce Development during the summer of 2005



Voucher Examiners go through an eight week course to prepare themselves for full-time claims processing

"The applicant's leadership creates an environment for a sustainable organization through an initial and continual development of the workforce. Senior leaders personally participate in a mentoring program for selected employees. This participation helps mitigate the strategic need to replace management nearing retirement."

Colorado Performance Excellence Program Feedback Report

facilitated skill sharing throughout the organization enabling agility and improved outcomes by increasing opportunities for communication and responsiveness between team members.

- Three employees completed junior mentorships for non-supervisory staff and two employees completed information technology mentorships. Mentees learned and increased understanding of their working styles and core strengths.
- Two concurrent sessions of management leadership training were conducted, allowing twenty employees to build skills in supervision and management.
- One staff member completed the VISN 18 & 19 leadership-training program and the Director of the HAC participated in the Leadership VA program.

Staff Recognition

To align individual performance with organizational goals and encourage improvements in individual productivity, we expanded our awards and incentive pay program. The program included three components: an incentive program, individual performance, and a Center-wide goal-sharing program. The incentive pay program recognized those employees that surpassed standard production levels for their pay grades. Employees were required to achieve both volume and accuracy standards in order to receive incentive pay. The Center also recognized individual and group achievements through on-the-spot awards, group awards, team awards, and suggestion program awards. As a result of our incentive, individual performance, and goal-sharing programs, the organization did more with less. Though our operational budget was reduced in FY 2005, individual productivity increased and 15% more claims were processed in FY 2005 over FY 2004 without hiring any additional claims processing staff.

Staff Succession Planning

While technical skills training is critical to our organization's success, we are also cognizant of our succession planning needs. With 12.4% of our staff currently eligible for some type of retirement, we actively monitor retirement in order to prepare for potential losses to organizational expertise.

During 2005, we conducted a "Hispanic Hiring Tour." As a result of the tour, we developed a collaborative relationship with the Denver Mayor's Office of Workforce Development. Student hires provided by the Mayor's Workforce Office were provided career-learning opportunities, which led the Center being selected as a Mayor's "Employer of the Summer."

“Performance anomalies are used as areas of improvement and the HAC undertakes initiatives to minimize or eliminate root causes of failure. The expansion of OCR imaging and EDI processes demonstrates translation of organizational performance review findings into priorities for continuous improvement.”

**VA Carey Award Program
Feedback Report**



Pictured above is the CPEX Timberline Award displayed with the HAC FY 2006-08 Strategic Plan and related documents

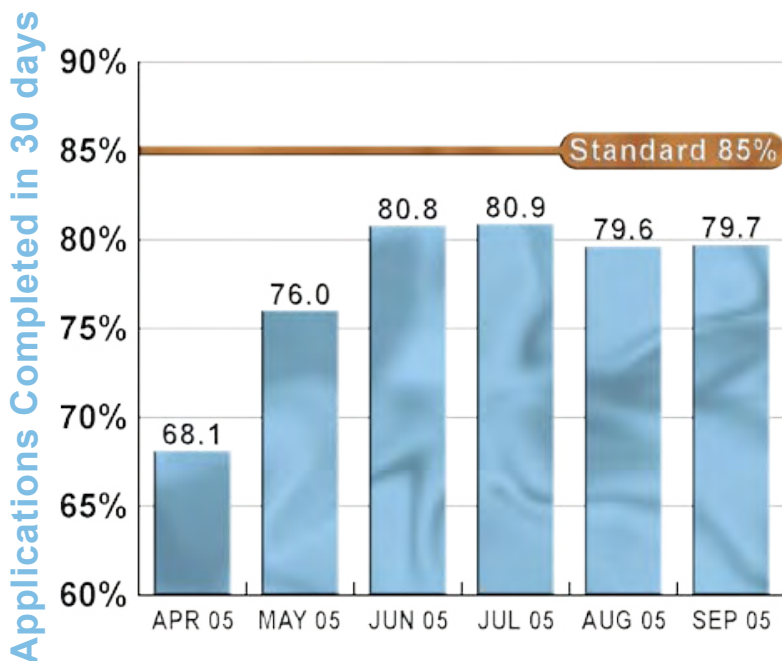


The Customer Service Center Call Center “Reader Board” welcomes the CPEX crew



HAC employees celebrated receiving the CPEX Award

Figure 19—Percentage of CHAMPVA Applications Completed in 30 Days



The Support Services Division (SSD) initiated Career Development workshops to enhance workforce career progression. The curriculum included effective communication, time management, interviewing skills, and leadership development. The workshops encouraged continuous learning, and equipped employees with skills and knowledge that can be applied in their day-to-day work environment

Goal: Quality Products

Continuous organizational evaluation and benchmarking are fundamental to our ability to produce quality products and deliver superior service. The HAC subscribes to the criteria for performance excellence identified in the Malcolm Baldrige National Quality Award program.

“Timberline Award” for Organizational Excellence

In FY 2005, the Center submitted applications to VA’s Robert W. Carey Organizational Excellence Award Program as well as the Colorado Performance Excellence program (CPEX), which are both adapted from the National Baldrige program.

Both programs evaluated our applications and provided valuable feedback to improve our operations. After an evaluation and site visit, CPEX published a press release in September 2005 announcing the Health Administration Center would be presented with the “Timberline Award” in recognition of the systematic deployment of our approaches and processes. This was the highest award CPEX presented in 2005.

Quality Management

Quality improvement innovations in FY 2005 include:

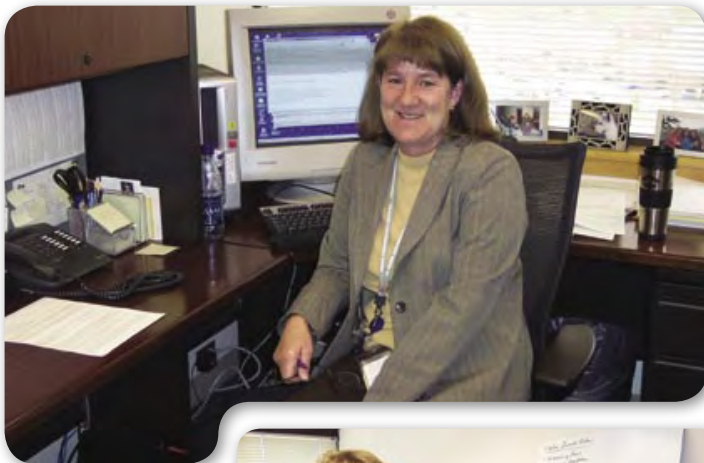
- We completed an analysis of the Eligibility and Enrollment Center’s (EEC) processes that led to identification of multiple improvement opportunities to increase accuracy and efficiency. We began tracking CHAMPVA applications with a new performance standard. At the end of FY 2005, we were completing 79.7% of all CHAMPVA applications in 30 days (Figure 19). EEC improved its overall accuracy from 80% to 94%.
- We improved the beneficiary’s “Report of Contact” process. As a result, we have an enhanced tracking mechanism, fewer duplicate requests, and a robust audit capability.

New postage handling procedures have been implemented that saved the HAC \$352,300



"I had another program that I had to pay for. CHAMPVA said I had to drop a program where I had to pay. I don't have to pay with CHAMPVA. My husband is 100% disabled so that is why I got CHAMPVA. That's my biggest concern right there. That saves me \$100 a month."

*CHAMPVA Beneficiary
American Customer Satisfaction Index Study*



The Business Process Office enables the HAC to coordinate workload with the budget



The Organizational Development Office (ODO) provides consultation and facilitation services to the HAC



The Product Development Office (PDO) developed a comprehensive training program for Rehost Program deployment

- We implemented a process to front-end scan all incoming documents and enhanced our Optical Character Recognition (OCR) functionality. As a result, we have a more efficient distribution of documents to employees throughout the Center and have increased the capability of our customer service representatives to view customer documentation in a timely manner.
- We streamlined the prescreening process with \$200,000 staff savings and implemented new postage handling procedures with a \$352,300 cost savings.
- We completed a business process reengineering initiative to improve claims processing. Many opportunities were identified to increase claims processing accuracy and efficiencies.

Organizational Innovations

Improvements to our organizational structure provided for greater coordination and efficiencies. These included:

- The Business Process Office added the CHAMPVA Plan Manager position to oversee CHAMPVA program business functions. As a result, we have a greater coordination of workload to budgeting.
- HAC created the Organizational Development Office (ODO). ODO provided consultation and facilitation services to Center-wide innovations and provided a systems approach to managing customer feedback and quality improvement.
- We implemented a new Quality Management and Process Improvement Policy and created a Quality Council (QC) to charter and evaluate quality management initiatives. The QC provides for a systematic and effective method for identifying opportunities for improvement and effecting positive change throughout the organization.
- We implemented a Reasonable Accommodation Committee (RAC) policy and created a RAC Committee. This guidance established the Center's policy on providing reasonable accommodation for employees or applicants for employment who are qualified individuals with disabilities.
- After extensive coordination with the Product Development Office staff, Division Chiefs and Rehost ambassadors, we developed a comprehensive training plan for the Rehost Program deployment. The plan incorporated training objectives, policies, procedures, and detailed information grids of current training modules and their levels of instruction.



By printing selected paper products in-house and in black & white, the HAC saved \$83,000 in 2005

Figure 20—Program Integrity—Cost Avoidance (AI, CC & FWA)



The Artificial Intelligence system was developed within the center to process claims in compliance with policies and regulations



Goal: Save Money

The Center provided excellent service to our beneficiary population while aggressively managing program cost.



The HAC reduced our office supply budget in 2005, saving \$90,000

In FY 2005:

- The Center achieved superior results in the reduction of administrative cost in all areas of operations. We decreased our adjusted cost per claim for all programs from \$5.80 in FY 2004 to \$5.00 in FY 2005.
- We returned \$30.6 million to VA through the CHAMPVA Inhouse Treatment Initiative (CITI) program.
- We recovered \$10.8 million in payments for VA through the National Recovery Audit.
- We reduced our office supply budget by \$90,000.
- We saved the Center \$83,000 by printing black and white copies in-house.

Cost Avoidance

Total cost avoidance for FY 2005 was \$23.7 million as a result of the Center's Artificial Intelligence (AI), automated code-editing software (CC), and fraud, waste, and abuse prevention (FWA). Total cost avoidance decreased in FY 2005 from the previous year due to the staff's diligence in identifying one major health care provider to correctly bill for services (Figure 20).

- The HAC's Artificial Intelligence (AI) system provided consistent application of policy to the payment system. Savings related to AI increased from \$4.44 million in FY 2004, to \$6.4 million in FY 2005.
- The Center also uses an automated cost containment code-editing software. This commercial software applied over 1.7 million medically accepted coding edits. Total cost avoidance from the application of the code-editing software for FY 2005 was \$15.33 million.

**Figure 21—
Collections**



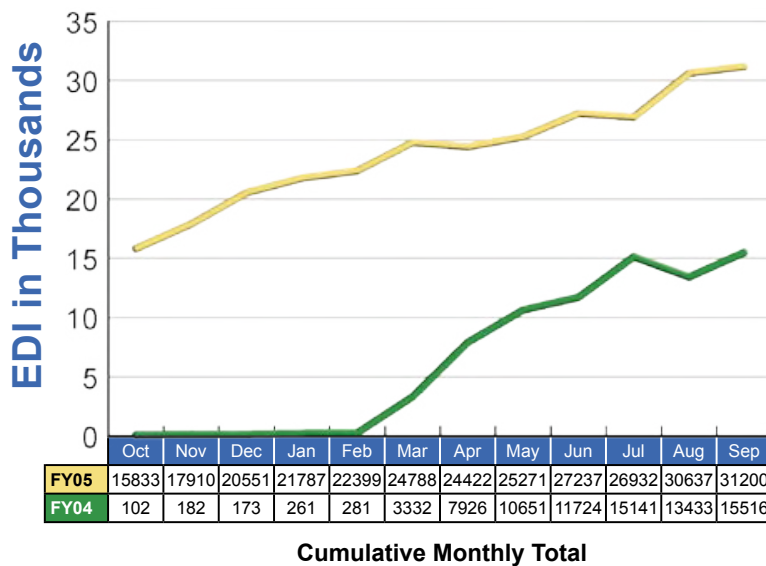
- During FY 2005, there were 171 potential program integrity issues reviewed. Of those, 16% required further investigation or monitoring. Cost avoidance resulting from Program Integrity's work in FY 2005 was \$2.0 million.

Recoupments

In FY 2005, the Center recovered overpayments to beneficiaries and providers through recoupments. As CHAMPVA is secondary health claims payer, overpayments occurred when providers were unable to identify a beneficiary as having first-payer, other health insurance. We established 7,593 bills of collection and recovered over \$10.2 million (Figure 21).

The Center increased third party liability recoupments 160%, from \$431 thousand in FY 2004 to \$1.1 million in FY 2005.

Figure 22—CHAMPVA EDI Submissions Received



Goal: Leverage Technology

Improve the Use of Information Technology

The Center has a commitment to improving overall customer service and quality products while minimizing cost to the taxpayer. Our ability to realize this vision is due in part to our ability to leverage technology, so that we improve the speed and efficiency of our services, enhance customer service, and lower our costs. We continued to identify opportunities to improve our business processes through automation.



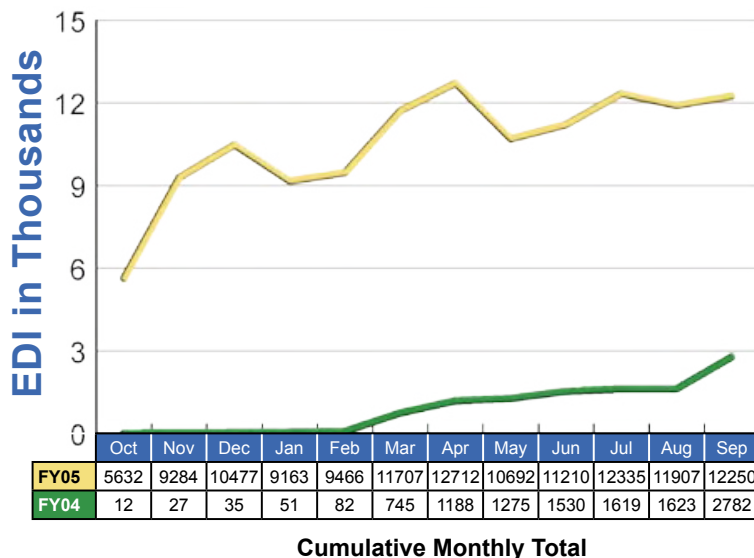
Improved technology allowed HAC employees to better serve veterans and their families

Improve Information Management

In FY 2005, we continued to use our robust, advanced information technology systems to the best advantage by expanding Electronic Data Interchange (EDI) and web-based applications. EDI submissions received during FY 2005 increased 100% over those received in FY 2004 (Figure 22). Fee EDI claims sent for processing increased 340% in FY 2005 over the previous fiscal year (Figure 23).

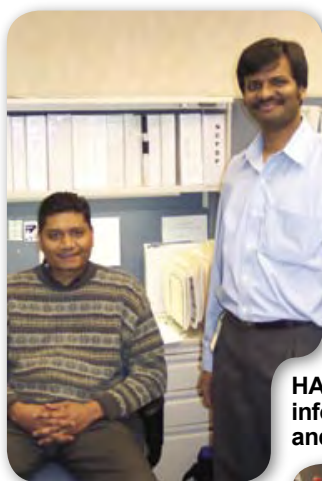
The Center began the expansion of our imaging technology to include development of a dynamic workflow engine, expansion of OCR technology, document archiving, and electronic submission of application for benefits. We will realize benefits from this effort in FY 2006 and FY 2007 because when completed, we will

Figure 23—Fee EDI Claims Sent for Processing





The increased access to the Internet has given HAC the opportunity to expand the channels of communication with our beneficiaries and providers



"I usually get pretty prompt responses on the claims. The one time I had a problem, they solved it quickly. I am happy."

**CHAMPVA Beneficiary
American Customer
Satisfaction Index Study**

HAC employees continue to advance information technology to expand EDI and web based applications

Technological solutions are in the works to save the HAC money by increasing efficiency



"I don't have to pay for my meds. I haven't

had any bills from any doctors yet because I have CHAMPVA. It's a Godsend!"

**CHAMPVA Beneficiary
American Customer Satisfaction Index Study**



The Office of the Chief Information Officer (OCIO) provides all HAC employees with IT support that enables maximum productivity and security

require less manpower while accomplishing the same amount of work.

The primary benefit of expanding our imaging technology and maximizing OCR usage is fewer full-time employee equivalent positions needed for processing the same amount of work.

Recognizing that access to the Internet has become more widely available:

- An intranet website was created to allow VISN coordinators to view outstanding audit claims to facilitate the National Recovery Audit.
- Fee checklists, process flow, and consolidated reports are now posted on the Fee Program intranet website. In addition to these job aids for VA Fee clerks, we deployed on-line training for "Fee 101: The Fundamentals of Fee," "Fee 201: The Well-Managed Fee Office," and "EDI 101: The Electronic Processing of Fee Claims."

The Center continued to focus on improving information associated with the Fee program to provide more accurate and reliable data on Fee care.



**The PDO Division
is responsible
for new product
development**

- In FY 2005, the Center developed requirements to replace the nation-wide Vista Fee software.
- The AI system and code-editing software used by the Center to consistently adjudicate claims and contain cost will be fully applied to the Fee program. Once implemented, VA will see a full return on its investment with a yearly benefit cost savings of \$90 million.

At the end of FY 2005, development of the Rehost project was 99% complete, meeting all milestones, and under budget. Highlights included the ability to test submissions, inquiries, claims processing, level III (JRules), benefit calculation, claims finalization, and explanation of benefits processing.

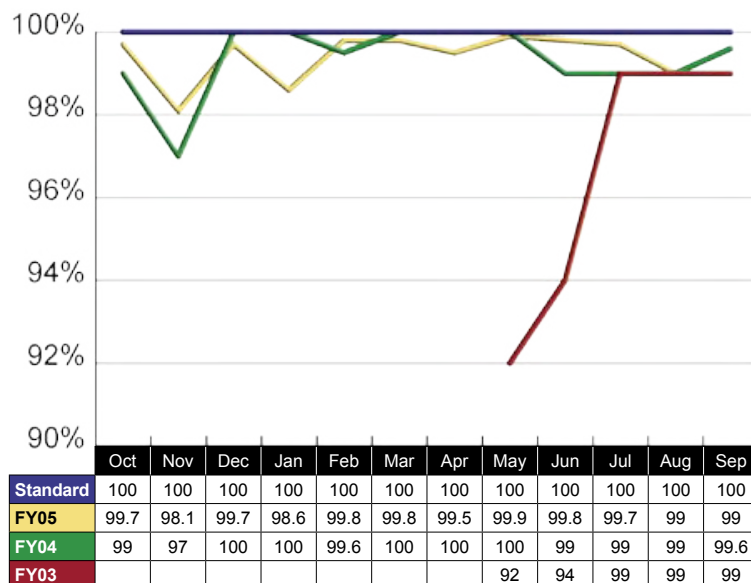
Information Technology

At the heart of technology is the need for security. The Center has always believed that we need to balance security with service, and the results of our recent Security Certification and Accreditation (C&A) indicated we do this quite well. The Center was out in front by being the first program office in VHA to have its C&A documents submitted to the inspecting agency. The HAC received full accreditation for its systems.

"The Center follows mandated key support process requirements according to federal regulations and identifies other requirements that are directly connected to maintaining competitive advantages."

VA Carey Award Program Feedback Report

Figure 24—Percent of Appeals Processed in 60 Days



Monthly Average



Regulations have been written to institute a formulary for retail and Meds by Mail prescriptions



The Policy & Compliance Division (P&C) writes regulations, handles appeals, and monitors all HAC business to ensure that we are able to prevent fraud, waste, and abuse

Goal: Compliance with Laws and Regulations

The Center has one objective that relates to compliance with laws and regulations to ensure all processes are in compliance with federal laws and regulations.



We developed a compliance policy to identify vulnerabilities we may have to HAC programs

Regulations

In order to provide a needed service to our beneficiaries while remaining in compliance, we have begun to write regulations to institute a formulary for retail and Meds by Mail prescriptions. Once the formulary is implemented there will be tremendous cost savings to VA with little if any effect on the beneficiary's prescription value.

Appeals

Although the standard of 100% of appeals processed in 60 days was not met every month in FY 2005, great improvement has been made since FY 2003. In FY 2005, 99.5% of 4902 appeals were completed within 60 days. The timeliness for adjudicated appeals increased by 22% over FY 2004 (Figure 24).

Utilization Review Accreditation (URAC)

In FY 2005, utilizing national URAC accreditation standards, HAC developed a comprehensive compliance policy and staged plans to ensure that we consistently identified our vulnerabilities and set, reviewed, and used continuous in-process monitors.

Alaska Fee Schedule Regulations

In FY 2005, we published and implemented the Alaska Fee Schedule regulations, which established the Alaska-specific Fee payment methodology. We submitted a regulatory work plan to expand preventative care as a result of customer requests. We submitted five legislative proposals, of which three were forwarded to the 109th Congress. The forwarded proposals would allow CHAMPVA beneficiaries to access TRICARE's Retiree Dental Program, modify the statute to allow the Veterans Affairs (VA) primary payer status for health care programs for the children of Vietnam Veterans increasing the beneficiaries' access to medical care, and clarify that VA payment is payment in full and health care providers may not impose additional charges on the beneficiary above the VA allowable.

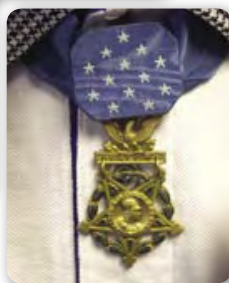
Community Service and Social Responsibility

"The HAC has many veterans and employees with commercial health care and information technology experience. HAC has formed a Diversity Advisory Council to act as a voice for employees on diverse ideas, cultural issues, and concerns. The DAC assists in identifying under-represented groups and targeting communities in the recruitment process."

**VA Carey Award Program
Feedback Report**



Medal of Honor recipient George Sakato was the guest of honor during the 2005 HAC Diversity Day Celebration



A culturally diverse luncheon was held during Diversity Days



HAC employees volunteered at the 2005 Veteran Stand Down



VA employees entered a float & marched in the 2005 Veterans Day Parade in Denver

HAC employees historically have demonstrated their care and generosity. Our employees are among the first to ask how they can help others in our society who are less fortunate.

Our social service and generosity extends to:

- Our HAC family – supporting the needs of our own coworkers.
- The veteran population, to include our active duty military.
- The One-VA, and our local and extended communities.

Celebrating Diversity

We have an active and innovative Diversity Advisory Council (DAC) of special emphasis groups that contributed to an appreciation for the value of our diversity throughout the year.

The Center celebrated the diversity of the workforce by sponsoring our second annual "Diversity Day." We were proud to have Medal of Honor recipient George T. Sakato as guest speaker. In this festive and fun learning event, employees displayed and discussed our many cultural roots. Our own employees, as well as representatives from the Denver community, presented workshops that educated our workforce on customs of specific ethnic or religious groups.

During the season of holiday celebrations, our employees contributed food and toys and delivered holiday baskets to families in need, both internal and external to our organization.

Twice a year the Center sponsors blood drives on behalf of Bonfils Blood Center. The number of donors has steadily increased to fill every available donor slot. In FY 2005, Center employees donated 68 pints.

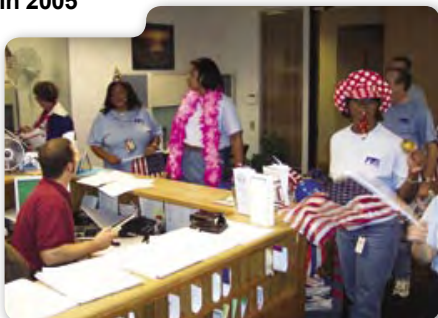
Helping Veterans

As part of the Veterans Day remembrance, Center employees collected clothing and staffed the Denver Homeless Veterans Stand Down. HAC employees also marched in the Veterans Day Parade.

When the Nation was struck with the devastation of Hurricane Katrina, HAC employees were swift to respond.



HAC volunteers donated 68 pints of blood to Bonfils Blood Center in 2005



Last year's CFC began with a Center wide "Kick Off Parade" launching the fundraiser



The CFC "Wheel of Wonders" gave HAC employees the chance to give it a spin for a fee and win a donated prize



HAC employees got the opportunity to have some fun with the CFC "Pie in the Face"

- Our employees raised donations of more than \$6,000 for VA employees in the devastated region.
- Volunteers staffed the "Operation Safe Haven" Family Assistance Center to assist displaced hurricane victims and identify persons eligible for CHAMPVA coverage.



The Center sent three employees to Waco, Texas to assist with the victims relief effort

Combined Federal Campaign (CFC)

The Center displayed an ever-increasing commitment to the Denver metropolitan area in FY 2005.

Our participation rate and overall contributions to the CFC all increased over the past three campaigns. In FY 2005, we raised over \$41,500 to help in our community.

HAC employees individually contribute their time, energy, and money in support of various community programs, to include volunteer support of the Denver VA Medical Center, Children's Hospital, animal rescue organizations, Habitat for Humanity, Homeless coalitions, churches, and schools.



The Center collected donations for holiday baskets given to families in need during Thanksgiving and Christmas

Environmental Steward

The Center is an environmental steward, actively committed to limiting and reducing the impact of our administrative process on the environment. In FY 2005, the Center enhanced participation in the Green Environmental Management System (GEMS) program.



The Center collects recyclable resources in bins placed throughout the organization

Summary

Director Ralph Charlip gave awards to ten employees for essays submitted that gave detailed examples of what customer service meant to them

Due to strong representation of veterans at the HAC, birthday parties are organized for all of the branches of the US military



Many employees gave their personal time to make Diversity Day at the HAC a success



The Center gave tribute to POW/MIA day, honoring those service men and women by wearing shirts, pins and ribbons

This is an exciting time for all of us. We continue to reduce our claims processing costs. Our administrative cost to benefits ratio continues its downward trend. We persist in containing costs using the Center's software packages and our fraud, waste, and abuse prevention. We continue to recover payments for VA through the National Recovery Audit.

We have gone through a tremendous growth period in the last several years. We feel that we have a lot of expertise to offer VA that doesn't exist anywhere else in the Department, so we look forward to new opportunities and challenges in FY 2006 and beyond.



The National Recovery Audit continued to return money to the HAC

Comments or Ideas?

If you have comments on this Stakeholders' Report, questions about its content or ideas, please contact us:

By mail:

Health Administration Center
ATTN: Chief, ODO
PO BOX 65023
Denver, CO 80206-9023

By e-mail:

hac.inq@va.gov

Please indicate in the text of your e-mail that your comments are for the Organizational Development Office.

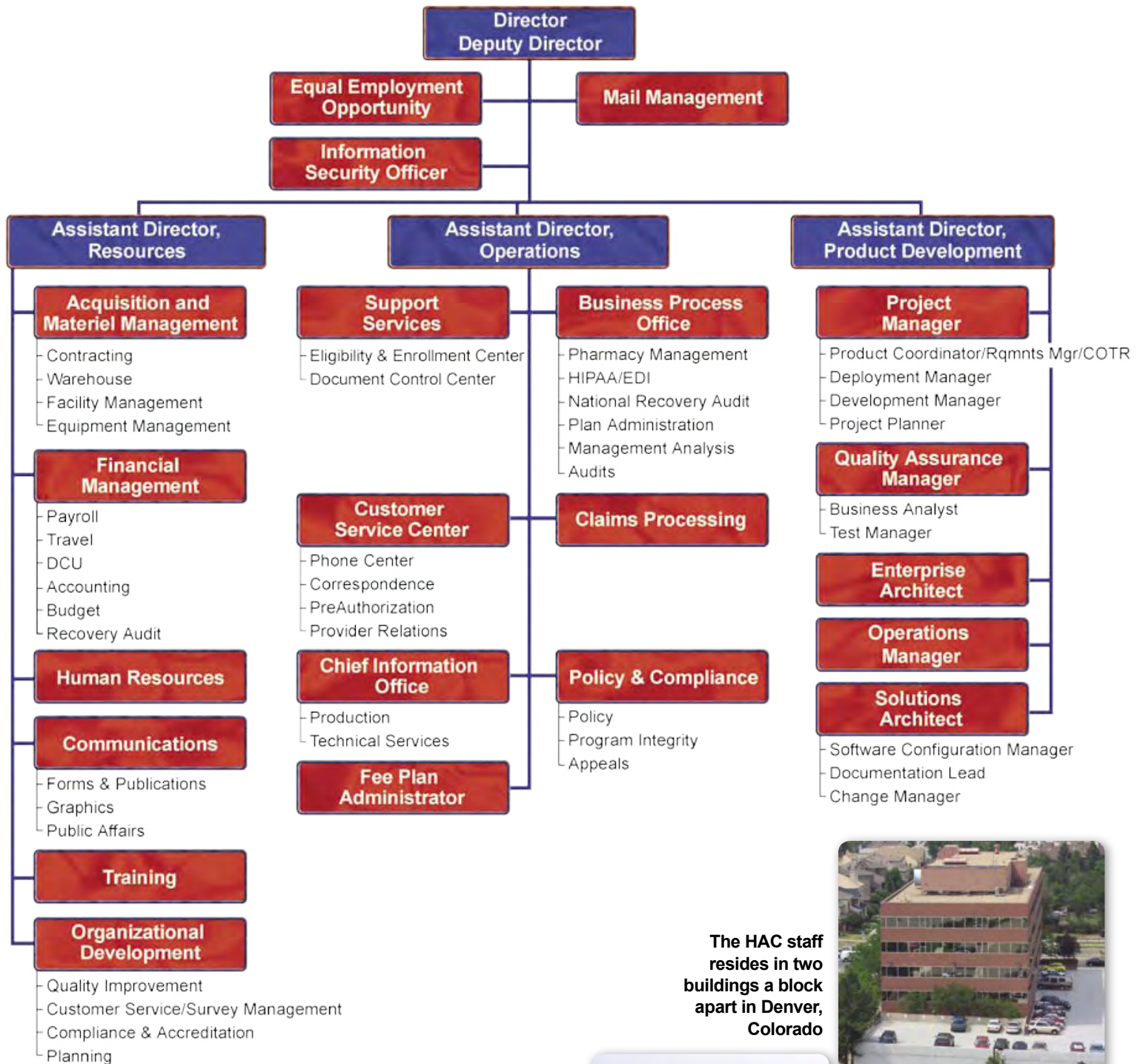
You can read more about all of our programs, services, and publications on our web site at:

<http://www.va.gov/hac>

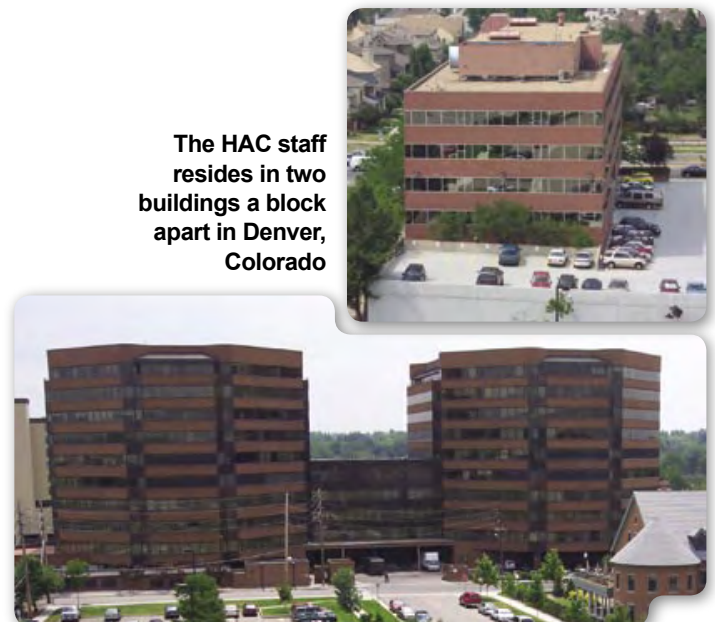


Please feel free to contact us by mail, telephone or e-mail

Appendix 1: HAC Organizational Chart*



*As of October 1, 2005



The HAC staff resides in two buildings a block apart in Denver, Colorado

